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Cuts give oil stocks more running room. *Page D1*

FINANCIAL POST

C1 TUESDAY, MARCH 20, 2001

THE MARKETS

	TSE 300	NASDAQ
	+158.93	+60.28
	7911.14	1951.19
DOW JONES	+135.70	9959.11
S&P 500	+20.28	1170.81
S&P/TSE 60	+9.50	461.98
CDNX	-15.19	3020.99
LONDON	-11.2	5551.6
TOKYO	-42.01	12190.97
HONG KONG	-64.35	13457.69
EURO	+0.26¢	US89.88¢
CANADIAN $	+0.07¢	US63.82¢
30-YR. BOND	-0.20¢	5.58%
OIL	-$0.59	US$26.15
GOLD	+$1.70	US$259.80

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Immigration madness Elinor Caplan, the Minister of Immigration, adds another appeal layer to the refugee process. **Page C3**

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Ad behemoth Interpublic pays US$2.1-billion for rival True North to create the world's largest advertising company. **Page C3**

Bundled up MGI Software has announced a bundling deal with Palm Inc. **Page C5**

Lemon-free zone Canadians are not being sold refurbished "lemons," observers say. **Page C5**

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Someone is watching Authorities need to get serious about cyberstalkers' threats. **Page C7**

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BIG SPENDER BMO CUTS DEEP

PETER J. THOMPSON / NATIONAL POST

Guylaine Saucier, head of the committee on corporate governance, believes boards must be independent enough to challenge chief executives.

Bank seeks savings of hundreds of millions by cancelling contracts, halting new projects

BY THERESA TEDESCO
Chief Business Correspondent

Bank of Montreal has embarked on an aggressive cost-cutting campaign to slash hundreds of millions of dollars in expenses as the country's fifth-largest bank posted disappointing first-quarter financial results.

Sources say BMO's senior management is demanding dramatic reductions in spending — as much as 10% in each of the bank's 30 lines of business — through a number of measures, including a moratorium on external contracts, delaying or halting new projects and even refocusing the way the bank spends its advertising budget.

"There have been lots of executives [within the bank] looking at their annual budgets to find savings wherever possible," said an insider who asked not to be named. "The cost cutting is going to be significant."

So far, sources say there is no indication BMO, which hired more than a 1,000 new salespeople in the past few months, may be planning layoffs other than those jobs lost through attrition.

Tony Comper, BMO's chairman and chief executive, has emphasized the bank's growth strategy hinged on large-scale investments in the education and professional development of BMO's 33,000 employees.

He made no mention of cost cutting in his address to shareholders during the annual meeting last month, though a bank spokesman confirmed costs are now being managed more closely.

"Our expenses have been tracking a little higher than we'd like," said Joseph Barbera, a spokesman for BMO. "There's no question we are being more aggressive and holding people accountable for them."

Mr. Barbera said the bank intends to meet its revenue and net income targets by managing costs and increasing revenue. More specifically, BMO is committed to slashing its expense-to-revenue ratio to the mid-50% range, from the current 64%, which is the highest among the country's major banks.

See BMO on Page C6

RICK STOLLER / NATIONAL POST

Comper: nothing on cost cutting

Bush pressed to add clout to wood fight

CONGRESS INCREASES ANTE

BY PETER MORTON

WASHINGTON • Congress increased pressure in the softwood lumber dispute yesterday by calling on George W. Bush, the President, to insist Canada improve its environmental laws and end what it calls illegal subsidies on lumber.

In a letter to Mr. Bush, obtained by the *Financial Post*, Dick Gephardt, the House of Representatives minority leader, and other senators, said talks with Canada should now include demands for "sustainable forestry practices."

Fifty-two senators have urged Mr. Bush to convince Ottawa and the provincial governments to end subsidies to Canadian lumber producers that price timber at one-third of the U.S. market rate.

See LUMBER on Page C10

Exchanges demand corporate reforms

CEO, chairman must be split, report insists

BY GARRY MARR AND THERESA TEDESCO

Canada's stock exchanges are taking aim at the country's corporate leaders by challenging the boards of directors of public companies to become more independent and demanding the roles of chief executive and chairman be separated.

The controversial recommendation, which has been championed by shareholders for years, was among a number of guidelines issued yesterday by a joint committee on corporate governance set up by the Toronto Stock Exchange, the Canadian Venture Exchange and the Canadian Institute of Chartered Accountants.

"One of the very important functions [of the board] is to choose, evaluate and monitor the CEO, so it is important for a board to be independent and to be able to really challenge the strategy that is brought forward by the CEO," said Guylaine Saucier, chairwoman of the Joint Committee on Corporate Governance.

Institutional investors and shareholders' rights groups said they were encouraged by the report's initial recommendations, which also seek to give company shareholders the right to approve compensation to all directors.

"We've always favoured splitting the roles. The role of CEO is inherently different than that of chairman of the board," said William Mackenzie, president of Fairvest Proxy Monitor, a shareholders' rights group.

Claude Lamoureux, president and CEO of the Ontario Teachers' Pension Plan Board, said the report was positive because "they acknowledge that the CEO and the chairman are two different jobs that require one to manage the board of directors and the other to operate the company."

See COMPANIES on Page C10

Stocks rally as investors bet on big rate cut

DOLLAR ALSO RISES

BY JACQUELINE THORPE

Stock markets rallied sharply yesterday, latching on to the hope the U.S. Federal Reserve will cut interest rates by a hefty 75 basis points today to prevent a stinging equity market from further undermining the U.S. economy.

The Canadian dollar also rose, after touching a new 2½-year low earlier in the day, as the belief gained ground the Fed would take the unusual step of cutting rates 75 basis points, instead of 50 basis points priced in only a week ago.

"We at S&P are calling for a 50-basis-point cut, but we're not ruling out 75 basis points," said Jeff Cheah, market strategist at Standard & Poor's MMS in Toronto. Other analysts agreed a 75-basis-point cut would be surprising.

The Canadian dollar closed at US63.82¢, up from US63.75¢ on Friday. Earlier in the day, it slipped to US63.67¢, bringing its historic low of US63.11¢, hit on Aug. 27, 1998, firmly into range.

Analysts said the dollar has been hit by a flight to U.S. fixed instruments amid the turmoil in global stock markets. But a 75-basis-point cut would bring the U.S. Fed funds target rate to 4.75%, below Canada's 5.25% bank rate

See RATES on Page C10

Ex-chief executive defaults on $1.2-million debt: Jitec

BORROWED WITHOUT OKAY

BY ROBERT GIBBENS

MONTREAL • Troubled high-tech startup **Jitec Inc.** said yesterday the company's founder and former president, Benoît Laliberté, and a company he controls are in default on a $1.2-million repayment they had undertaken to make.

Mr. Laliberté resigned as Jitec's chief executive on Nov. 22 and in December repaid $865,000 he had borrowed from the company without the board's consent.

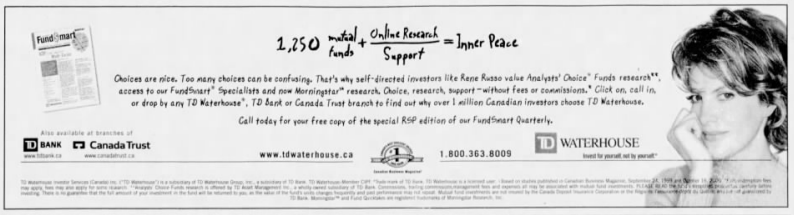
Once a high-tech flyer, Jitec has been shaken by allegations of improper trading by Mr. Laliberté.

Alex Delisle, Jitec's president, said Mr. Laliberté had also agreed to ensure the repayment of $1.2-million owed to the company by **Centre Informatique Jitec St. Hubert Inc.**, a computer equipment retailer controlled by Mr. Laliberté.

The amount was to have been repaid at $200,000 a month over six months, beginning on Jan. 15.

"But Mr. Laliberté and his company are in default on the Feb. 15 and March 15 instalments and Jitec has no reasonable assurance it can recover the $1-million balance," said Mr. Delisle.

See JITEC on Page C8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